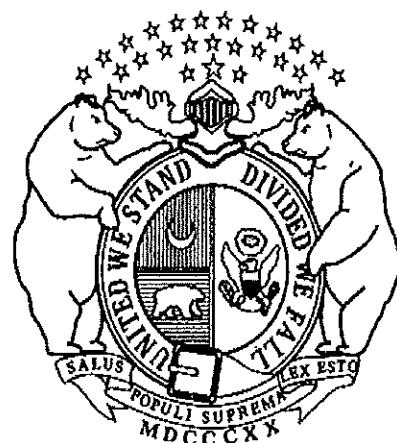


2014

ANNUAL REPORT



**MISSOURI AGRICULTURAL
AND
SMALL BUSINESS
DEVELOPMENT AUTHORITY**

ANNUAL REPORT OF THE MISSOURI AGRICULTURAL AND SMALL BUSINESS DEVELOPMENT AUTHORITY

EXECUTIVE SUMMARY

The Missouri Agricultural and Small Business Development Authority (MASBDA) was created by the Missouri General Assembly in 1981 as an independent political and corporate body of the state of Missouri (RSMo 348). Its purpose is to promote the development of agriculture and small business and to reduce, control, and prevent environmental damage in Missouri by providing additional sources of financing at interest rates that are below conventional rates. The authority accomplishes this by issuing agricultural development bonds, tax-exempt small issue bonds, guarantees on loans to livestock producers and direct loans for animal waste treatment systems. Additionally, the authority administers a grant program and tax credit programs related to new generation cooperatives and value-added agricultural projects, breeding livestock, and increased beef production.

MASBDA is governed by a bipartisan commission whose seven members are appointed by the governor with the consent of the Senate. The director of the Department of Agriculture also serves as an ex-officio member. Members serve a five-year term or until a reappointment is made. Members may be reappointed, but can serve no more than two consecutive full terms. No more than four members may be of the same political party. Commission members approve all bond issues, loans, loan guarantees, grants, and tax credits. Business is conducted through monthly board meetings. Special meetings are held as needed.

The commissioners elect their own officers and have the authority to appoint staff. Phil Howerton serves as chairman, and Robert Culler as vice-chairman, and Tony Stafford is currently serving as secretary and executive director.

PROGRAM SUMMARY

Following is a description of activities for the various programs offered by the authority.

Beginning Farmer Loan Program

Beginning farmers can receive loans from commercial lenders on an average of 20 to 30 percent below conventional rates through this program. The reduced rates are made possible by tax-exempt bonds issued by MASBDA and sold to commercial lenders. Lenders, in turn, pass the savings derived from the tax-exempt bonds to beginning farmers in the form of lower interest rates. Bonds issued by the authority, including those used to fund beginning farmer loans, do not constitute a debt, liability or obligation of the state or of any political subdivision, but are payable solely from the authority's revenues or assets. The State of Missouri is not obligated to pay debt service on any bonds issued, and neither the faith and credit nor the taxing power of the State of Missouri is pledged to the payment of principal, redemption premium and interest on the bonds or other financing instruments. A qualified beginning farmer can borrow up to \$509,600 to buy agricultural land, farm buildings, farm equipment and breeding livestock. More than \$43 million in beginning farmer loans have been approved by MASBDA since its inception. During this past year, \$2,099,170 tax-exempt bonds were issued.

Animal Waste Treatment System Loan Program

Livestock producers are able to secure direct loans from MASBDA for animal waste treatment systems. Loans can be made for up to 10 years at fixed interest rates that are below conventional interest rates (currently at 6.1%). Loan proceeds may generally be used for financing waste facilities and equipment as approved by the Department of Natural Resources. A total of \$5 million has been set aside for the Animal Waste Treatment System Loan Program. There was one loan made in this fiscal year for \$11,929.41.

Single-Purpose Animal Facilities Loan Guarantee Program

The Single-Purpose Animal Facilities Loan Guarantee Program is designed to provide banks and other lenders with a 50 percent first-loss guarantee on loans of up to \$250,000 for up to 10 years. Independent livestock producers may use the loans to finance, refinance or restructure breeding or feeder livestock, earthworms, land, buildings, facilities, equipment, machinery and animal waste systems for producing poultry, swine, beef and dairy cattle or other livestock. Borrowers who qualify for the guaranteed livestock loan may also qualify for a reduced interest loan through the Missouri Linked Deposit Program administered by the state treasurer's office. There were two guarantees this fiscal year on loans totaling \$317,500.

Missouri Value-Added Grant Program

The further processing of Missouri's agricultural products holds hope for the sustainability and profitability of many of Missouri's farmers. The Missouri Value-Added Grant Program is intended to help producers fund feasibility studies, business plans, marketing plans and similar activities for projects that add value to agricultural products and will positively impact a rural Missouri community. Four grants were awarded this fiscal year totaling \$128,664.

Missouri Value-Added Loan Guarantee Program

Modeled after the Single-Purpose Animal Facilities Loan Guarantee Program, the Missouri Value-Added Loan Guarantee Program provides up to a 50% first-loss guarantee on loans not to exceed \$250,000 that lenders make for the purpose of an agricultural business development loan. The maximum guarantee is 10 years.

The program is intended to create new economic activity by creating or retaining jobs. Loans guaranteed by the value-added loan guarantee program can be used to finance agricultural property, which includes land, buildings, structures, improvements, and equipment used for the purpose of processing, manufacturing, marketing, exporting or adding value to an agricultural product. Loans may also be guaranteed to buy stock in a new generation processing entity that processes an agricultural product.

Borrowers qualifying for a guarantee through the Missouri Value-Added Loan Guarantee Program may also qualify for a reduced interest loan through the Missouri Linked Deposit Program administered by the state treasurer's office. No loans were guaranteed this fiscal year.

New Generation Cooperative Incentive Tax Credit

The purpose of this tax credit is to induce private investment in new generation cooperatives, which will process Missouri agricultural commodities and agricultural products into value-added goods, provide substantial benefit to Missouri's agricultural producers, and create jobs for Missourians.

Members investing in an eligible new generation cooperative may receive state tax credits equal to the lesser of 50% of the member's cash investment in the new generation cooperative, or \$15,000; members investing in a project may not receive tax credits totaling more than \$1,500,000. Except that members investing in an "Employee Qualified" project may not receive tax credits totaling more than \$3,000,000. In fiscal year 2014, 1472 producer members investing \$24,185,258 in eligible new generation cooperatives received \$4,426,280.23 in New Generation Cooperative Incentive Tax Credits.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried back to satisfy the state tax liability that was due during each of the three previous taxable years, and may be carried forward to any of the subsequent five tax years after the investment is made. The tax credits may be transferred, sold, or assigned. Delinquent taxes, or interest and penalties on such taxes will be deducted from the eligible tax credit amount prior to issuance.

Agricultural Product Utilization Contributor Tax Credit

The authority may provide Agricultural Product Utilization Contributor Tax Credits to a person, partnership, corporation, trust, limited liability company, or other entity who contributes cash to the authority. The contribution will be used for financial or technical assistance to rural agricultural business concepts as approved by the authority. These tax credits are awarded at the approval of the authority based on the least amount of credits necessary to provide incentive for the contributions.

The contributor receiving a tax credit cannot be a member, owner, investor, or lender of an eligible new generation cooperative that receives financial assistance from the authority at the time the contribution is made or an eligible new generation cooperative that receives financial assistance for a period of two years after the contribution is made.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried back three taxable years and forward for up to five years. Credits may be assigned, transferred or sold. This fiscal year \$1,591,406.77 in contributions were received with tax credits being issued in the amount of \$1,573,719.77.

Missouri Rural Economic Stimulus Act “MoRESA”

The Missouri Downtown and Rural Economic Stimulus Act provides a State Rural Development Financing Program that permits municipalities with qualifying projects to request that specified net new state tax revenues be used to supplement local revenues for payment of development project costs. The revenues available under that State Rural Development Financing Program are required to be used; to supplement payments in lieu of taxes, economic activity taxes, and other local funds committed by the municipality. No program activity this year.

Eligible Facility Borrower Program

This program determines eligibility for the Missouri Linked Deposit Program as an “Eligible facility borrower”, which is either a development facility or renewal fuel production facility borrower consisting of not less than twelve producer members in which producer members:

1. Hold a majority of the governance or voting rights of the entity and any governing committees;
2. Control the hiring and firing of management; and
3. Deliver agricultural commodities or products to the entity for processing, unless processing is required by multiple entities;

Family Farm Breeding Livestock Loan Program

The program provides Missouri tax credits to lenders in lieu of the first year interest being paid on breeding livestock loans made to “small farmers” who are Missouri residents and who have less than \$250,000 in gross agricultural product sales per year.

Maximum eligible loan cannot exceed 90% of the cost of purchasing breeding livestock. Each small farmer shall be eligible for only one family farm livestock loan per immediate household family and only one type of livestock. Nineteen farmers have taken advantage of this program this fiscal year, with a total of \$34,251.86 in tax credits being issued.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried forward for up to three years. Credits may be assigned, transferred or sold.

Qualified Beef Tax Credit Program

The program provides an incentive for Missouri Farmers to background and/or finish cattle in the state by providing a 10¢ per pound tax credit for each pound cattle gain past an established baseline weight, with a minimum gain of an additional 200 lbs each. All cattle must be born and raised in the state of Missouri to receive the tax credit.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax). Credits may be carried back three taxable years and forward for up to five years. Credits may be assigned, transferred or sold. Four tax credits were issued totaling \$188,954.61.

Dairy Business Planning Grant

This program provides Missouri dairies an opportunity to expand by providing business planning grants to aid them in determining the feasibility of the planned expansion. The grants provide up to 90% of the cost of the business plan, and the maximum grant is \$5,000. This program has not been funded.

Dairy Cow Loan Program

The goal of the Dairy Cow Loan Program is to facilitate the expansion of Missouri dairy operations by paying the first year's interest on any Missouri linked deposit loans made for the purchase of dairy cows or other replacement dairy females. This program has not been funded.

Livestock Feed and Crop Input Loan Guarantee Program

This program provides a 50% first loss guarantee on loans made for livestock feed or crop inputs used to produce livestock feed thus encouraging lenders to continue to make loans to farmers for livestock feed and feed crops on competitive terms. There were no guarantees issued this fiscal year.

Board of Commissioners

Phil Howerton, Chairman
Chilhowee, Missouri
Term expires: June 30, 2008

Robert Culler, Vice-Chairman
Hayti, Missouri
Term expires: June 30, 2014

Morris Heitman, Member
Mound City, Missouri
Term expires: June 30, 2015

Sherry S. Jones, Member
Dawn, Missouri
Term expires: June 30, 2011

Kelly Forck, Member
Jefferson City, Missouri
Term expires: June 30, 2011

Karisha Devlin, Member
Edina, Missouri
Term expires: June 30, 2015

Vacant

Richard Fordyce, Ex-Officio Member
Jefferson City, Missouri
Statutory member

Staff

Tony Stafford, Secretary
Executive Director

Amy Steinman
Accountant

Shawn Inglish
Agricultural Loan Officer

Marla Young
Planner

Vacant
Agricultural Loan Officer

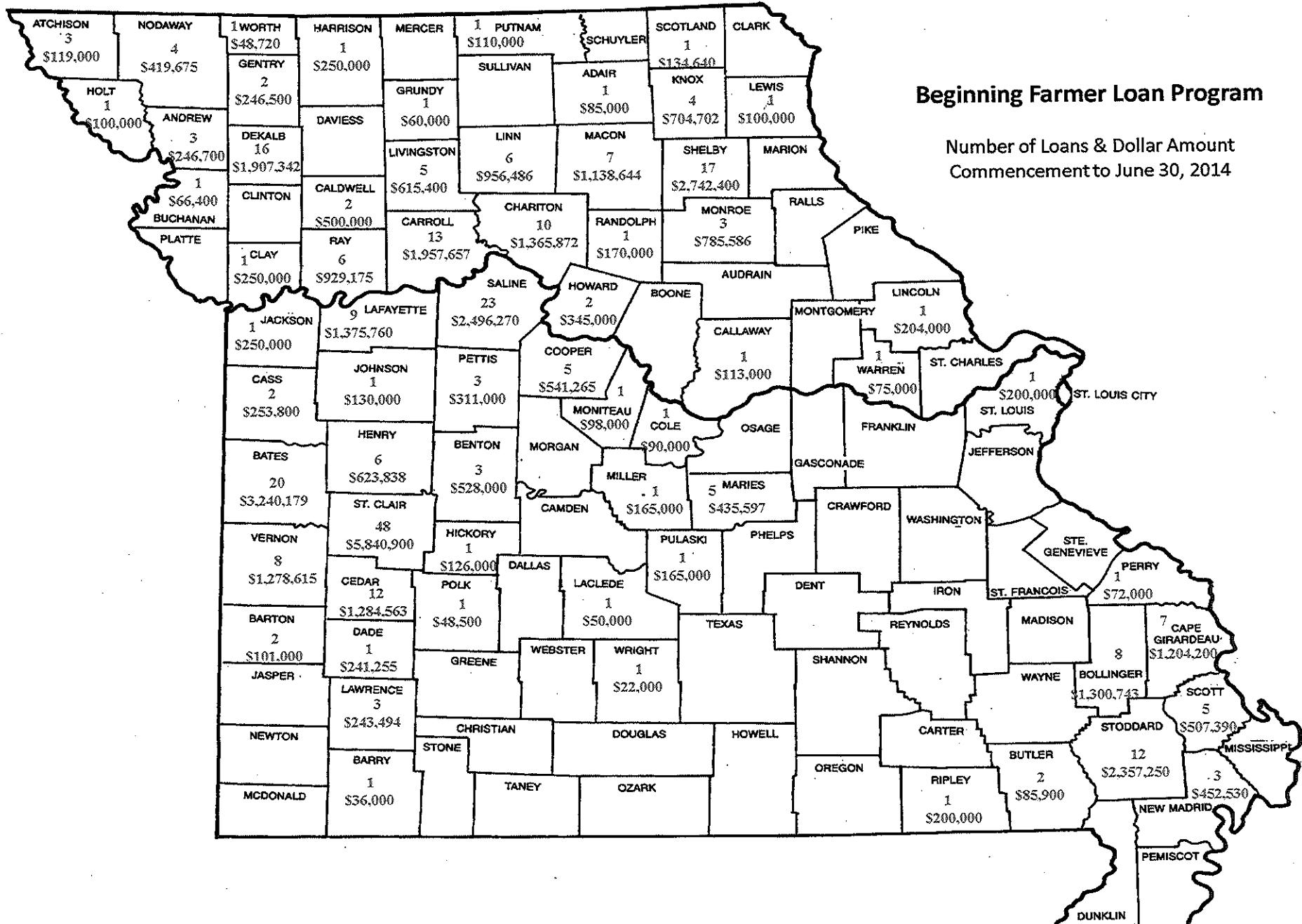
Wanda Ferrell
Senior Office Support Assistant

BEGINNING FARMER LOAN PROGRAM

Tax-exempt Bond Financing

July 1, 2013 - June 30, 2014

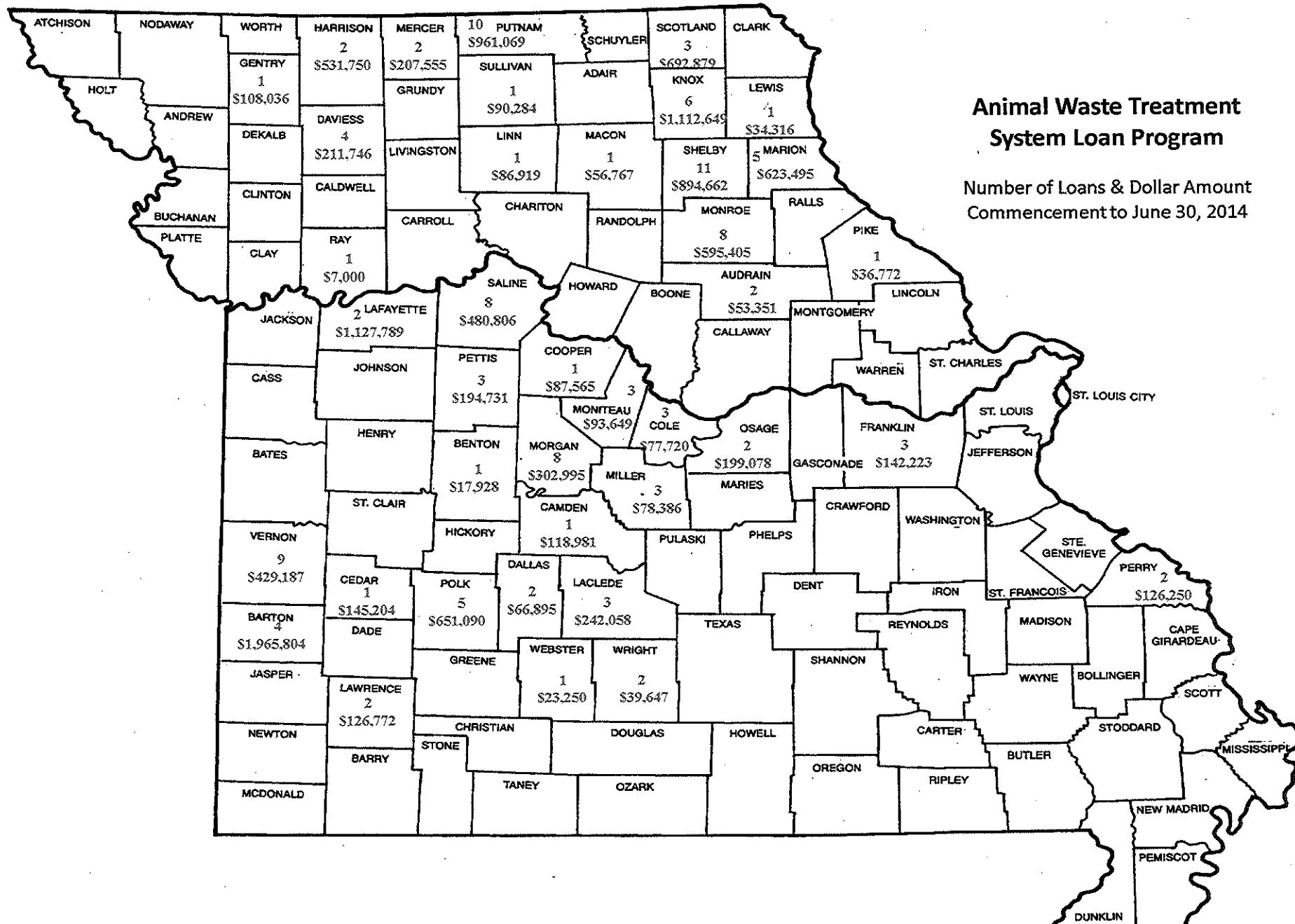
Project Number	Loan Amount	Issue Date	Maturity Date	County
376	\$255,906.00	8/30/2013	8/30/2033	Monroe
377	\$119,000.00	10/1/2013	10/1/2043	Cedar
378	\$156,875.00	11/30/2013	11/30/2043	Cedar
379	\$200,000.00	12/2/2013	12/2/2033	Ripley
380	\$144,000.00	12/13/2013	12/13/2043	St Clair
381	\$180,558.00	1/7/2014	1/7/2044	Cedar
383	\$200,000.00	2/14/2014	2/14/2044	Ray
384	\$100,000.00	3/14/2014	3/14/2044	St. Clair
385	\$112,000.00	3/31/2014	3/31/2029	Maries
386	\$222,600.00	4/26/2014	5/1/2044	St. Clair
387	\$408,231.00	6/12/2014	6/12/2044	Linn
Total:		\$2,099,170.00		



ANIMAL WASTE TREATMENT SYSTEM LOAN PROGRAM

July 1, 2013 - June 30, 2014

Loan Number	Loan Amount	Origination Date	Maturity Date	County
155	\$11,929.41	1/29/2014	1/29/2021	Franklin
Total:	\$11,929.41			



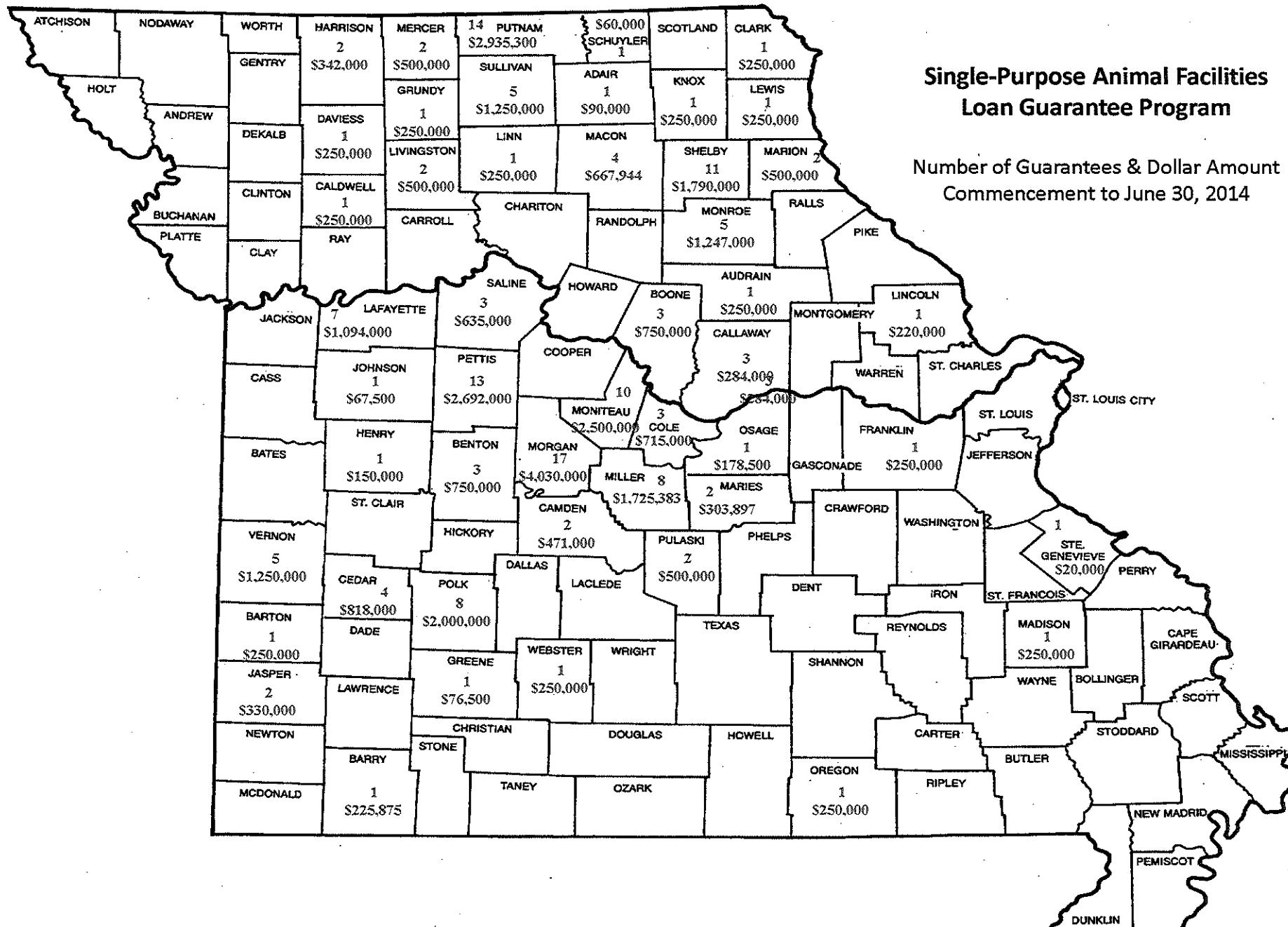
SINGLE-PURPOSE ANIMAL FACILITIES LOAN GUARANTEE PROGRAM

July 1, 2013 - June 30, 2014

Guarantee Number	Total Project Cost	Eligible Loan Amount	Guarantee Amount	Issue Date	Maturity Date	County
188	\$428,000.00	\$250,000.00	\$125,000.00	July 16 2013	6/1/2018	Audrain
190	\$75,000.00	\$67,500.00	\$33,750.00	December 4 2013	12/4/2019	Johnson
Total:	\$503,000.00	\$317,500.00	\$158,750.00			

**Single-Purpose Animal Facilities
Loan Guarantee Program**

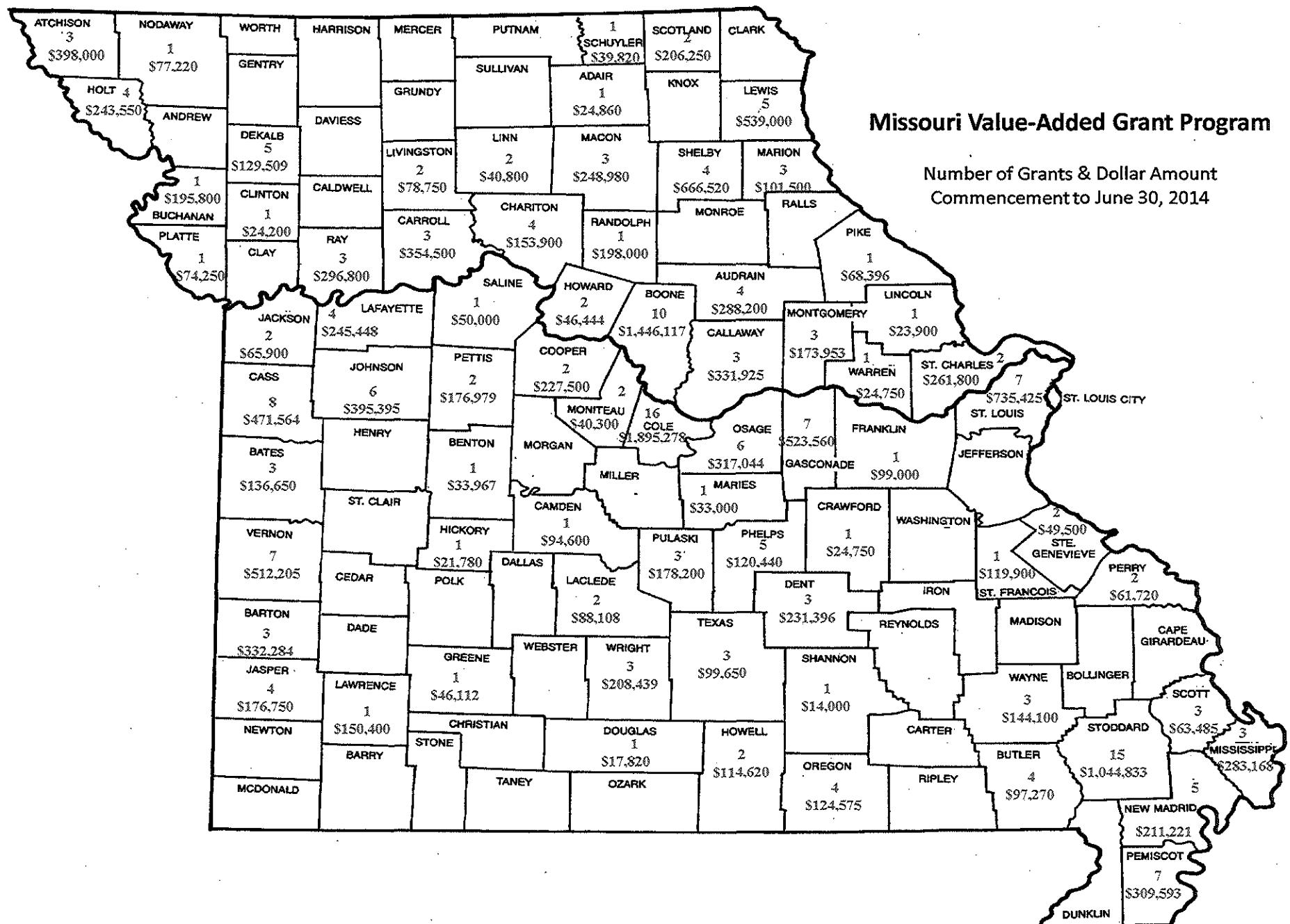
**Number of Guarantees & Dollar Amount
Commencement to June 30, 2014**



MISSOURI VALUE-ADDED GRANT PROGRAM

July 1, 2013 - June 30, 2014

Project Number	Grant Amount	Date Grant Awarded	County of Project
14 - 462	\$24,164.80	4/21/2014	New Madrid
14 - 467	\$49,500.00	3/17/2014	Callaway
14 - 472	\$34,100.00	3/17/2014	Gasconade
14 - 477	\$20,900.00	3/26/2014	Jackson
Total:	\$128,664.80		



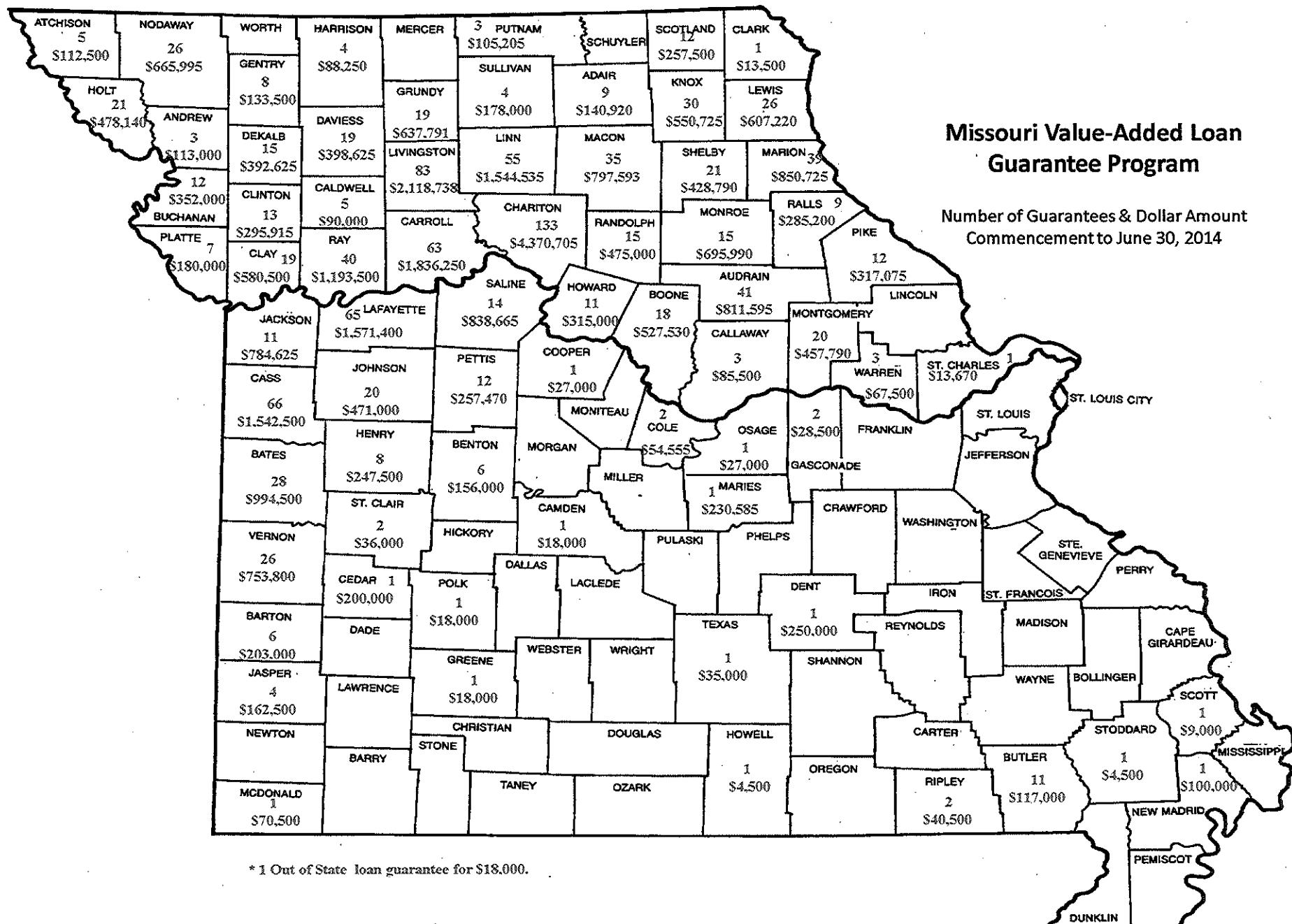
Missouri Value-Added Grant Program

**Number of Grants & Dollar Amount
Commencement to June 30, 2014**

MISSOURI VALUE-ADDED LOAN GUARANTEE PROGRAM

July 1, 2013 - June 30, 2014

Guarantee Number	Project Cost	Loan Amount	Guarantee Amount	Issue Date	Maturity Date	County
Totals:	\$0.00	\$0.00	\$0.00			



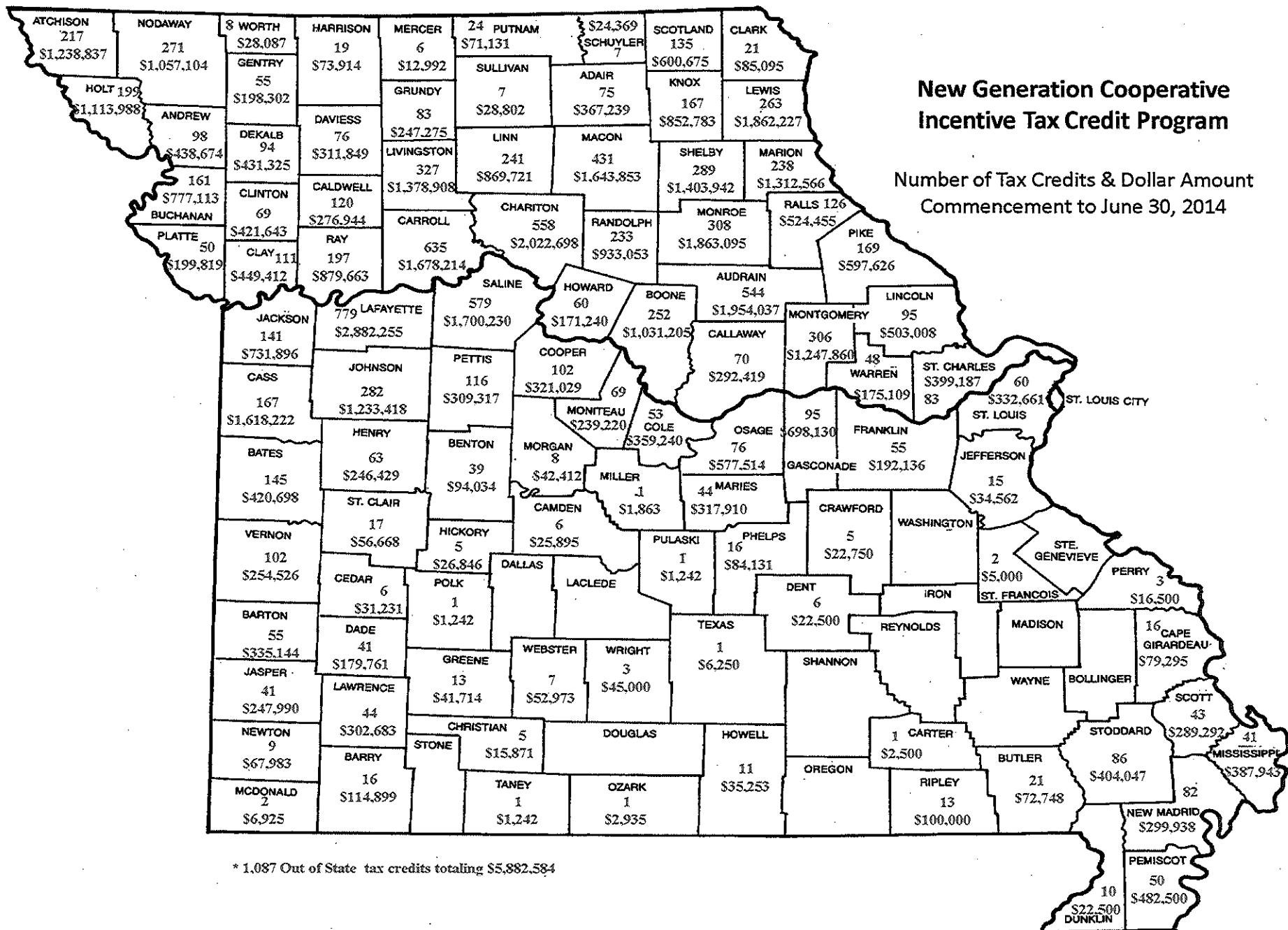
NEW GENERATION COOPERATIVE INCENTIVE TAX CREDIT PROGRAM

July 1, 2013 - June 30, 2014

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
8	\$34,555.44	Adair
3	\$2,862.47	Andrew
7	\$15,910.05	Atchison
87	\$273,766.20	Audrain
2	\$3,773.50	Barry
1	\$1,886.75	Barton
7	\$17,700.03	Bates
2	\$2,453.55	Benton
44	\$146,873.77	Boone
3	\$8,771.97	Buchanan
1	\$1,886.75	Butler
17	\$20,855.16	Caldwell
6	\$23,893.74	Callaway
3	\$18,860.32	Cape Girardeau
142	\$241,608.30	Carroll
5	\$6,388.83	Cass
91	\$172,249.28	Chariton
3	\$5,316.02	Christian
3	\$8,792.01	Clark
11	\$18,167.90	Clay
11	\$150,817.85	Clinton
6	\$41,067.65	Cole
21	\$37,195.34	Cooper
4	\$6,600.94	Dade
5	\$4,498.17	Daviess
3	\$7,545.21	DeKalb
1	\$1,886.75	Franklin
5	\$10,937.36	Gasconade
6	\$10,316.29	Gentry
1	\$163.57	Greene
14	\$22,515.75	Grundy
4	\$8,178.49	Henry
2	\$4,589.56	Holt
9	\$19,729.93	Howard
9	\$11,058.05	Jackson
1	\$408.92	Jasper
9	\$9,656.31	Johnson
22	\$108,445.22	Knox
128	\$152,898.99	Lafayette
4	\$6,600.94	Lawrence
47	\$240,953.59	Lewis
13	\$40,080.22	Lincoln
49	\$87,642.93	Linn
41	\$66,386.12	Livingston
45	\$177,592.28	Macon
34	\$177,030.64	Marion
1	\$817.85	Mercer

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
14	\$27,158.50	Moniteau
52	\$351,200.13	Monroe
45	\$150,492.34	Montgomery
1	\$3,771.71	New Madrid
13	\$34,585.55	Nodaway
1	\$13,203.65	Osage
16	\$240,000.00	Pemiscot
14	\$18,734.45	Pettis
1	\$817.85	Phelps
7	\$29,052.70	Pike
3	\$1,063.19	Platte
1	\$3,907.56	Putnam
12	\$56,419.20	Ralls
32	\$141,426.40	Randolph
24	\$196,292.28	Ray
158	\$243,552.08	Saline
1	\$3,907.56	Schuyler
26	\$125,015.70	Scotland
4	\$15,086.84	Scott
39	\$155,334.33	Shelby
10	\$30,731.97	St. Charles
1	\$817.85	St. Clair
5	\$14,253.62	St. Louis
13	\$57,570.98	Stoddard
1	\$3,907.56	Sullivan
1	\$817.85	Vernon
3	\$9,450.82	Warren
33	\$65,520.60	Out-of-State

Total Tax Credits Issued: \$4,426,280.23

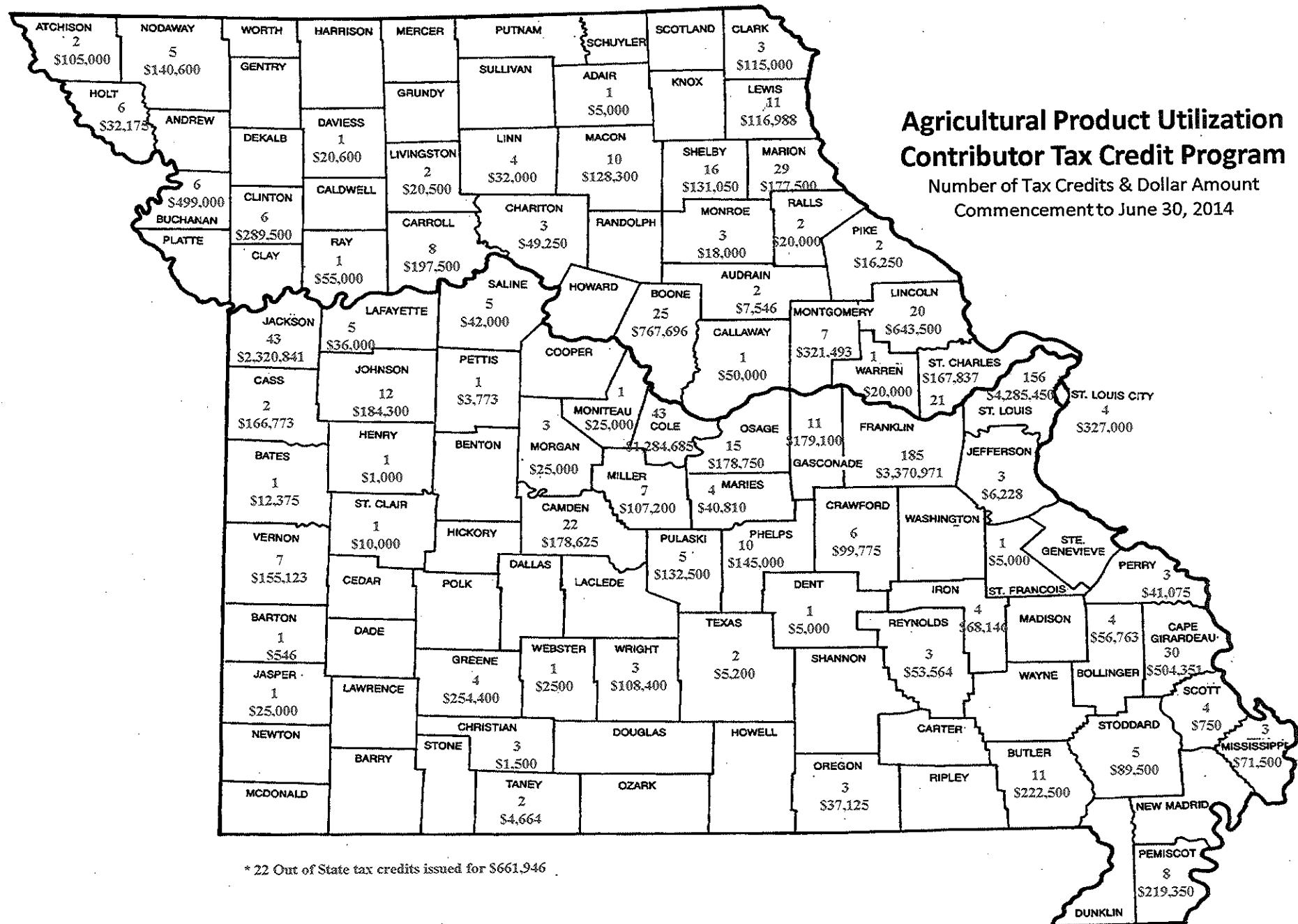


* 1,087 Out of State tax credits totaling \$5,882,584

AGRICULTURAL PRODUCT UTILIZATION CONTRIBUTOR TAX CREDIT PROGRAM

July 1, 2013 - June 30, 2014

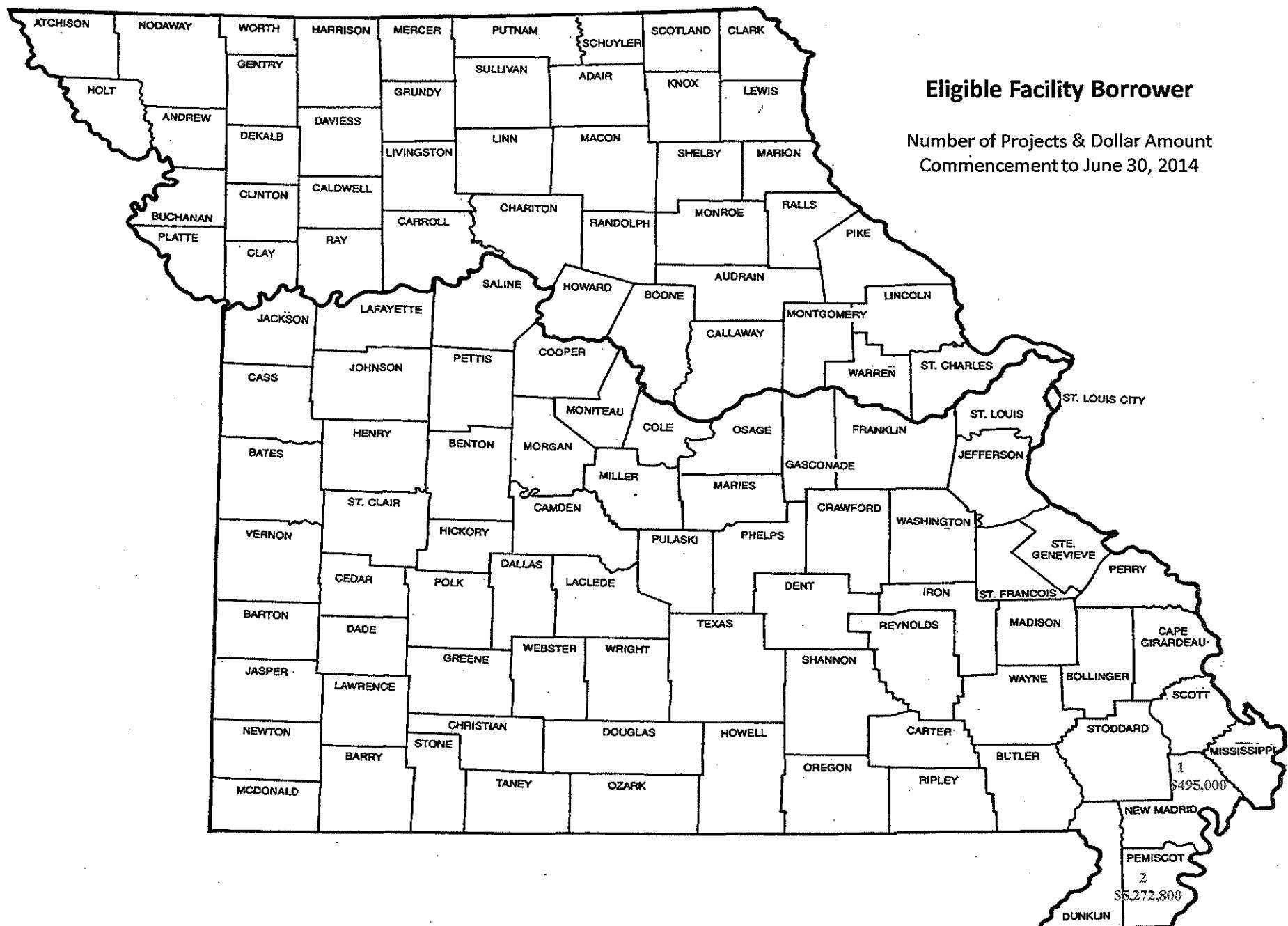
Number of Tax Credit(s)	Total Amount of Contribution(s)	Total Tax Credit Amount(s)	County
1	\$8,737.00	\$8,637.00	Bollinger
3	\$72,929.72	\$69,329.72	Boone
1	\$4,000.00	\$3,950.00	Camden
11	\$210,490.00	\$209,679.00	Cape Girardeau
1	\$100,000.00	\$90,000.00	Clinton
6	\$126,250.00	\$123,900.00	Cole
1	\$20,000.00	\$20,000.00	Crawford
22	\$478,977.96	\$478,677.96	Franklin
1	\$17,984.95	\$17,984.95	Iron
1	\$1,201.00	\$1,200.00	Jefferson
1	\$2,500.00	\$2,450.00	Macon
1	\$10,200.00	\$10,000.00	Miller
1	\$11,100.00	\$11,075.00	Perry
1	\$8,000.00	\$7,800.00	Shelby
2	\$6,500.00	\$6,500.00	St Charles
25	\$512,536.14	\$512,536.14	St Louis
Totals:		\$1,591,406.77	\$1,573,719.77



ELIGIBLE FACILITY BORROWER PROGRAM

July 1, 2013 – June 30, 2014

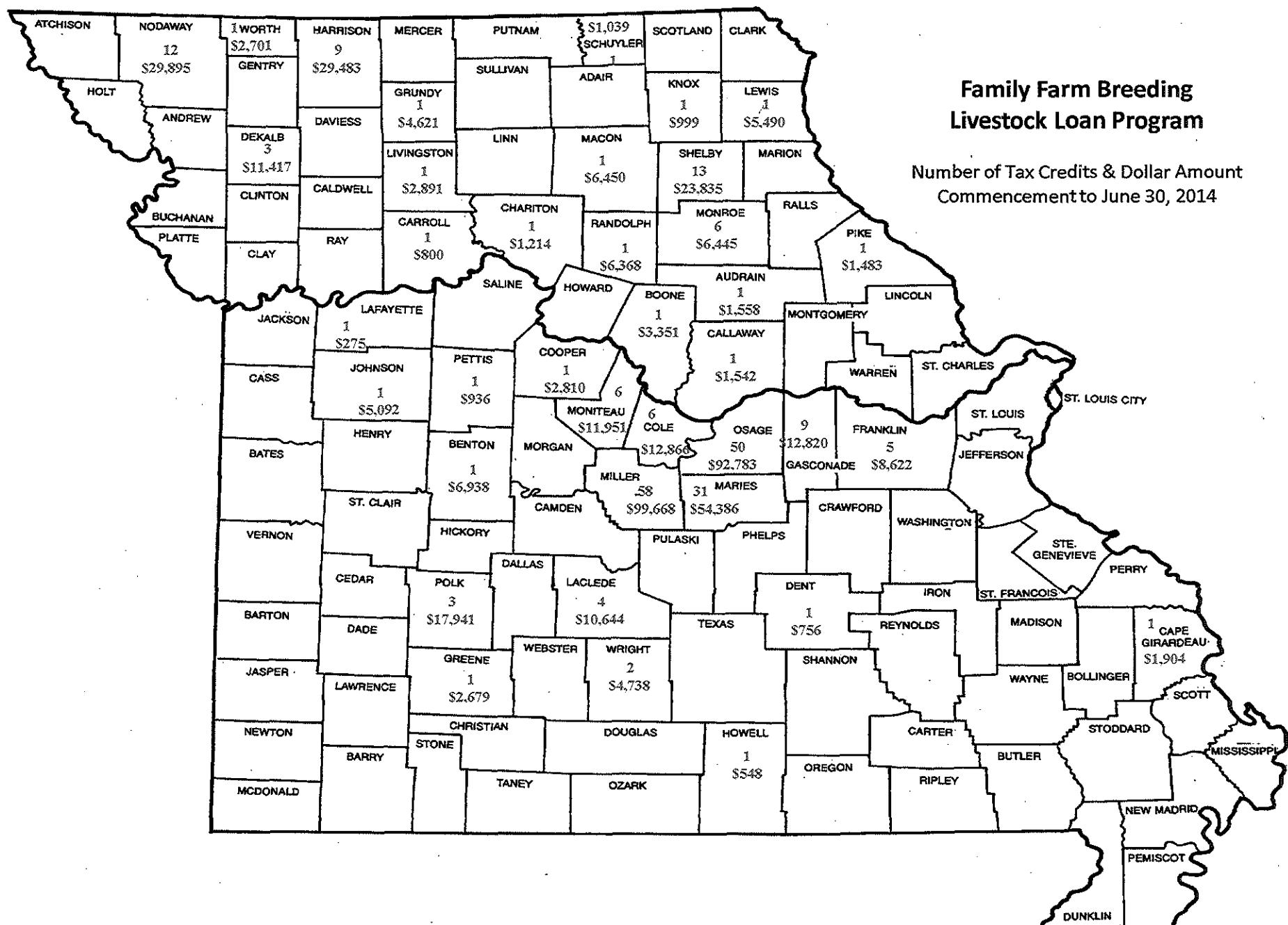
Project Number	Loan Amount	County
Total:	\$0.00	



FAMILY FARM BREEDING LIVESTOCK LOAN PROGRAM

July 1, 2013 - June 30, 2014

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
1	\$3,651.84	Cole
1	\$4,462.50	Harrison
2	\$3,014.02	Maries
7	\$14,257.81	Miller
4	\$2,748.76	Monroe
3	\$4,633.49	Osage
1	\$1,483.44	Pike
<hr/>		
Total :		\$34,251.86



QUALIFIED BEEF TAX CREDIT PROGRAM

July 1, 2013 - June 30, 2014

Number of Tax Credit(s)	Amount of Issued Tax Credit	County
1	\$2,249.79	Barton
1	\$3,552.80	Gasconade
1	\$686.00	Greene
1	\$182,466.02	Randolph
Total:	\$188,954.61	

